

Independent Reasonable Assurance Report to the Directors and Management of Australia and New Zealand Banking Group Limited (ANZ)

Assurance conclusion

Based on our reasonable assurance procedures, as described in this statement as of 14 December 2020, in our opinion ANZ's bond issuance process in relation to its Sustainable Development Goal Bonds, and its Impact Report (as at 30 September 2020) meets the requirements of the Sustainability Bond Guidelines, and associated Social Bond Principles and Green Bond Principles, in all material respects.

Scope

Ernst & Young ('EY', 'we') performed a reasonable assurance engagement in relation to ANZ's Sustainable Development Goals (SDG) Bond pool, as part of an annual post-issuance process, and ANZ's Impact Report as at 30 September 2020, in order to provide an opinion as to whether the subject matter detailed below ('Subject Matter') meets, in all material respects, the criteria as presented below as at 14 December 2020.

Subject Matter and Criteria

The subject matter and associated criteria for this reasonable assurance engagement are set out in the table below:

Subject Matter	Criteria
<p>ANZ's SDG Bond post-issuance process, as described in ANZ's SDG Bond Documentation, including the SDG Bond Framework that sets out:</p> <ul style="list-style-type: none"> ▶ Use of Proceeds ▶ Project selection criteria and management of proceeds of the SDG Bonds ▶ Internal systems and processes used to manage the proceeds and report on the SDG Bonds. 	<p>The International Capital Market Association's Sustainability Bond Guidelines (2018), Green Bond Principles (2018) and Social Bond Principles (2020) requirements on:</p> <ul style="list-style-type: none"> ▶ Use of Proceeds ▶ Process for Project Evaluation and Selection ▶ Management of Proceeds ▶ Reporting <p>Criteria found at this link: https://www.icmagroup.org/green-social-and-sustainability-bonds/</p>
<p>Technical details of the assets identified as promoting the SDGs ('Eligible Assets')</p>	<p>ANZ's SDG Bond Framework found at this link: https://www.anz.com/content/dam/anzcom/debtinvestors/anz9059-anz-sdg-bond-framework-august-2020.pdf</p>
<p>ANZ's SDG Bond Impact Report, as at 30 September 2020, that sets out:</p> <ul style="list-style-type: none"> ▶ Use of Proceeds ▶ Allocation of proceeds aggregated by SDG, facility type and geography ▶ Impacts/expected impacts of assets aggregated by SDG 	<p>The International Capital Market Association's Sustainability Bond Guidelines (2018), Green Bond Principles (2018) and Social Bond Principles (2020) requirements on:</p> <ul style="list-style-type: none"> ▶ Reporting <p>ANZ's SDG Bond Framework</p>

Management Responsibility

The management of ANZ ('Management') is responsible for the collection, preparation, and presentation of the Subject Matter in accordance with the criteria and for maintaining adequate records and internal controls that are designed to support the ANZ SDG Bond Post-issuance Process.

Assurance Practitioner's Responsibility

Our responsibility is to express a reasonable assurance opinion as to whether the subject matter is presented in accordance with the criteria, in all material aspects. Our assurance engagement has been planned and performed in accordance with the Australian Standard on Assurance Engagements 3000 (revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ASAE 3000').



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Level of Assurance

A reasonable assurance engagement consists of making enquiries and applying analytical, controls testing, and other evidence-gathering procedures that are sufficient for us to obtain a sufficient level of assurance as the basis for a positive form of conclusion. The procedures performed depend on the assurance practitioner's judgement, including the risk of material misstatement of the specific activity data, whether due to fraud or error. While we considered the effectiveness of Management's internal controls when determining the nature and extent of our procedures, our procedures were not designed to provide assurance on internal controls. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our Approach

Our assurance procedures performed included, but were not limited to:

- ▶ Interviewing selected business unit and group level personnel to understand key issues related to ANZ's policies and procedures.
- ▶ Reviewing any changes to policies and procedures established by ANZ related to the issuance of SDG Bonds.
- ▶ Confirming eligibility of new assets and continuing eligibility for existing assets in ANZ's SDG Bond Pool against ANZ's SDG Bond Framework.
- ▶ Conducting detailed testing of selected performance information, asset valuations, and key underlying assumptions to supporting documentation such as syndicated facility agreements, third party websites and databases publishing information including NABERS ratings, statistics around aged care facility beds, and education facility enrolments.
- ▶ Reviewing the allocation and disbursement of net proceeds raised from the SDG Bonds to eligible assets.
- ▶ Checking the mathematical accuracy of calculations performed.
- ▶ Reviewing the impact report and checking whether the structure and disclosures met the requirements of the framework, whether aggregate asset values were disclosed accurately and in line with the ANZ SDG Bonds Asset Register, and whether impact data had been appropriately transcribed from associated source information.
- ▶ Seeking management representation on key assertions.

Limitations

There are inherent limitations in performing assurance; for example, assurance engagements are based on selective testing of the information being examined. It is possible that fraud, error, or non-compliance may occur and not be detected. There are additional inherent risks associated with assurance over non-financial information including reporting against standards which require information to be assured against source data compiled using definitions and estimation methods that are developed by the reporting entity. Finally, adherence to ASAE 3000 and the Social Bond Principles (2020) and Green Bond Principles (2018) is subjective and could be interpreted differently by different stakeholder groups.

Our assurance was limited to the ANZ's 2020 SDG Bond Post-issuance Process and Impact Report and did not include statutory financial statements. Our assurance is limited to policies and procedures in place as of 14 December 2020. The firm performs other Advisory engagements for ANZ. Other than these Advisory engagements the firm has no other relationships with, or interests in, ANZ.

Use of Report

Our responsibility in performing our assurance activities is to the directors of ANZ only and in accordance with the terms of reference for this engagement as agreed with them. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on ANZ's SDG Bond Post-issuance Process and Impact Report is entirely at its own risk. No statement is made as to whether the criteria are appropriate for any third-party purpose.

Our Independence and Assurance Team

In accordance with APES 110, the firm and all professional personnel involved in this engagement have met the independence requirements of Australian or International professional ethical requirements. Our team has the required competencies and experience for this assurance engagement.

Ernst & Young Limited

Dr Matthew Bell
Partner
Brisbane, Australia
14 December 2020